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Daily Report

Supplement

Near East & South Asia

IRAN:
Second Five-Year Plan Detailed

FBIS-NES-93-073-S
Monday
19 April 1993

Near East & South Asia

SUPPLEMENT

IRAN

Second Five-Year Plan Detailed

FBIS-NES-93-073-S *16 April 1993*

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93LA0002A Tehran ETTELA'AT in Persian 25 Jan 93 pp 10, 11

[Text] Considering the importance of the basic policies of the Second Developmental Plan of the country in the progress of various sectors and considering that the announcement of the implementation of a single-rate foreign currency has focused more attention on the developmental projects in the country, and also considering that the national budget plan has placed great emphasis on the developmental programs of the second five years, ETTELA'AT has decided to publish in full the main policies of the Second Economic, Social, and Cultural Developmental Plan of the country.

It should be pointed out that the proposed policies in the Second [Developmental] Plan are organized on the basis of several basic points, the most important of which are attention to the continuation of the trend toward a changing economic structure; attention to making the price of goods, resources, capital, and manpower viable; decreasing the magnitude of the government sector; increasing its productivity; developing standards; managing and supervising the government sector and government-affiliated establishments and companies; expanding the social security system and attempting to create a full social security system; attending to the environment; devising policies concerning the elimination of poverty; and decreasing the gap in the standard of living of people in various regions of the country.

The following is a list of the basic policies of the Second Economic, Social, and Cultural Plan of the country, which has been obtained from the Plan and Budget Organization and that you will read in full.

Basic Foreign Trade Policies

Foreign trade policies will be devised with the goal of creating the conditions to manifest the relative advantages of the country on the international level, creating competition in national production with the outside world in order to create the conditions for quantitative and qualitative domestic technological development, creating innovations, and constant efforts to increase productivity.

1. Policies To Reform Foreign Trade System

1.1. The foreign currency system of the country shall be in the form of a managed floating system, in which the following will be noted:

A single foreign currency rate.

Lifting of restrictions on foreign currency contracts.

Lifting of restrictions on the purchase and sale of foreign currency.

The ability to change the national currency to foreign currencies on the basis of the floating rate.

In this connection, the Central Bank shall take steps to organize the foreign currency market in order to determine the floating rate on the basis of daily transactions. The Central Bank shall supervise over this market, and its involvement shall only be through modifying purchases and sales.

1.2. Cumbersome customs practices and unnecessary bureaucratic procedures shall be eliminated, and the procedures for the release of goods for export and import shall be simplified as much as possible. Based on this, only customs restrictions that concern quality quarantine control (such as quality control over health and treatment drugs, agricultural seeds, or the quarantine of livestock at the time of the entry of the goods into the country) shall remain, and quantitative controls shall only be restricted to goods prohibited in terms of religious and legal regulations.

1.3. Facilitating the conditions for the issuance of trade permits so as to make activities in the trade profession easy and possible for interested individuals.

1.4 Customs tariffs will be set with consideration for the reasonable degree of support for domestic products involving vast groups of goods in a manner that they can be easily understood by exporters, importers, and customs officials. Preferred protective tariffs that conform to the principles of effective tariffs will be established within a specific time period. These protective measures will continue to decrease until such time as the possibility for the creation of conditions for international competition and utilization of international standards in national production are provided.

1.5. The possibility of membership in the International Trade Treaty, GATT, shall be studied.

2. Foreign Trade Activities of the Public Sector

2.1. Foreign trade, according to Article 44 of the Constitution, is the realm of the government. The government may, within the framework of the Second Plan, confer the import and export of goods and services to actual and legal persons in the private and cooperative sectors. These sectors may import goods and materials needed by the society, under the supervision of the government and within the restrictions of the import and export law.

2.2. No monopoly rights shall be granted to actual and legal persons for the import and export of goods and services, so that all members of the society will have equal opportunity and the condition is not created for a number of people to impose on others. The creation of guild organizations concerning the export of goods shall be permitted.

2.3. To support nonpetroleum exports and in order to create new sources of foreign currency, the government will provide the necessary funds for the expansion of exports, such as timely trade information, technical data, and the expansion of foreign markets, for domestic

products through exhibitions and the imposition of protection and political and diplomatic support.

2.4. Exporters shall export goods with their own special label and name, which will be registered without excessive procedures and restrictions. Those who through the export of counterfeit or defective products harm the international market of the goods of the country shall face the revocation of their export license and other punishments.

2.5. The foreign currency balance and payments of the country shall be determined in the course of the plan in such a way that the foreign currency obligations of the country will be less at the end of the plan than at the start of the plan.

2.6. Revision of the national trade organization to pay more attention to exports.

2.7. Revision of the export and import law such that the above-mentioned law only determines the main trade directions of the country and the planning of the mechanism for export development, and the implementation of national imports shall be conferred on the government.

Basic Policies Involving the Pricing of Goods, Services, and Production Institutions

1. Economic pricing concerning natural monopolies, such as water and electricity, shall continue on the basis of the final actual cost and demand.

2. Concerning general goods, such as water, electricity, and fuel, steps shall be taken to ensure the continuation of such services by the government. In regards to the establishments that offer these services, requests for price increases shall be examined simultaneously with the decrease in actual cost plan.

3. Government organizations shall take steps to procure cautionary reserves of essential goods and, on the basis of projections of market conditions for essential goods, shall engage in eliminating seasonal and occasional price fluctuations. The actions of the government shall be in connection with purchasing at the time of relative abundance and selling at the time of relative shortage of such goods based on market prices.

4. The expansion of competition in the market of goods and services shall be one of the policies of the Second Plan. In this connection, the creation of any kind of monopoly organization for production and distribution of goods through the creation of shares, the creation of dual prices, or failure to distribute information on goods and services shall be avoided. Also, the administrative regulations, if necessary, shall be changed so as to facilitate in any manner the entry and exit of producers and distributors to facilitate production and distribution.

Money, Credit, and Capital Section

Since cash flow in recent years has been increasing, and in the past four years (from 1368-1371 [21 Mar 1989-20 Mar 1993]) alone has doubled, and since the increase in cash flow is the basic cause of the economic imbalance, including increased inflation, it is necessary for the policies of the money and credit sector to be mainly directed toward the control and stabilization of this variable.

1. Government Sector

1.1 The government has had a significant share in the increase in the money base and cash flow in the past years. Among the most important monetary goals of the First Plan was to bring the level of government borrowing from the Central Bank to zero in 1372 [21 Mar 1993-20 Mar 1994]. As a matter of policy, the level of government borrowing from the Central Bank in the years of the plan shall be zero.

1.2 Another part is the increase in the monetary borrowing base of the government and government-affiliated companies and establishments. The increase in the productivity of government companies, which use the financial resources of society, is more necessary than ever before. The following policies will be imposed in granting credit to these establishments and companies.

The Central Bank will avoid granting any sort of funding to government and government-affiliated companies and establishments. The above-mentioned companies and establishments can only apply for loans and credit to commercial and specialized banks.

The total remainder of the loans to government and government-affiliated companies and establishments shall increase in the Second Plan at the level of the nonratified goals during the Second Plan. Government and government-affiliated companies and establishments can only compel commercial banks to pay credit by presenting an explanatory report and projection of cash flow.

In regards to those projects for which they do not have sufficient financial resources and management, government companies and establishments may take steps to transfer and sell those projects to the private sector.

1.3 The sale of debt papers as a useful method shall be considered in the monetary and financial policies. In this connection, it is necessary to first stop the sale of government debt papers in the present manner and their compulsory sale to banks and government establishments during the plan. Second, the necessary grounds must be provided to publish new debt papers (especially investment papers, short-term debt papers, etc.), which are acceptable to the public and to design and implement the necessary mechanism.

2. Nongovernment Sector

Since the remainder of the debt of the nongovernment sector has for the first time in the past 20 years reached more than 60 percent of the total cash flow, the need to seriously control it in the Second Plan is felt. For this reason, the following policies shall be implemented during the Second Plan.

2.1 Revision of Paragraph 3 of Article 4 of the National Monetary and Banking Law (ratified in Tir 1351 [22 Jun-22 Jul 1972]) based on the increase in the set ceiling for legal collateral of banks and concerning the authority to determine the above-mentioned ratios to the Central Bank.

2.2 Granting loans by the Central Bank to the banks will be controlled by the following mechanisms.

Imposition of the rate of legal collateral based on the national economic conditions during the years of the plan.

Effective use of refinancing.

Determining the ceiling for the remainder of the debt of banks to the Central Bank.

Since the negative actual rate of return on deposits and the actual rate of banking loans will cause the escape of capital from the country and the replacement of the investments of investors with banking loans, it is necessary to set the actual rate of return of deposits and the actual rate of banking loans at least at 2 to 3 percent by the Central Bank.

2.3 Considering the need for the existence of valid payment means for the economy to thrive and the production of the Central Bank in order to revitalize checks as a means of credited payment and to prevent the misuse of checks, to create a climate of trust in transactions and prevent cheating, the names of actual and legal persons whose bot checks have resulted in legal actions shall be prepared in a booklet and placed at the disposal of those who request it.

3. Commercial and Specialized Banks

In order to create a suitable competitive climate for commercial and specialized banks and in order to increase their productivity in the whole economic system, the following policies will be implemented.

3.1 Granting more freedom of action to banks in connection with determining the rate of expected interest extended to depositors as well as determining the rate of interest of granted loans as follows. From the beginning of the Second Plan, commercial banks shall act in a competitive climate in determining the rate of interest for depositors and the rate of interest on granted loans. Loans at preferred rates will only be carried out through specialized banks, and gradually, by the end of the Second Plan, the difference in the rate of interest of granted loans of commercial banks and specialized banks will become minimal.

3.2 The commercial banks of the country shall be exempt from the following actions.

Compulsory purchase of any sort of loan paper, including governmental and nongovernmental.

Imposition of preferred rates concerning granted loans.

Purchase of government companies and their shares.

3.3 The banks in the country are responsible to prepare and publish seasonal reports to inform the public in accordance with Article 14 of the monetary and banking law of the country.

3.4 The Industries and Mines Bank shall be dissolved. The credit duties of this bank shall be carried out by commercial banks, and the companies affiliated with the Industries and Mines Bank will be sold to the private sector.

3.5 The ownership and management of the Sepah and Refah-e Kargaran Banks will return to the situation prior to the implementation of the legislative bill on the administration of the affairs of the banks ratified on 3/7/1358 [25 Sep 1979].

3.6 The laws and regulations of the Agricultural Bank shall be changed to reflect that this bank will become a financial mediator, based on the following principles.

Collection of all kinds of deposits (including current, short- and long-term). Payment of credit loans based on usual rates of banking loans.

Carrying out interbank operations similar to other banks.

Reform of other regulations of this bank such that it can operate like other commercial banks.

In order to grant low-rate loans to farmers, the government will specify certain resources. In order to pay a part of the interest on the loans granted to farmers, these resources may be paid to the Agricultural and other banks.

3.7 Start of the activities of the nonbank credit institutions during the Second Plan.

4. Stock Market of Valuable Papers

4.1 Separating the organization of valuable papers from the banking system as an independent institution.

4.2 Providing the people with timely information concerning financial accounting conditions and the operations of the companies once every six months and within a maximum of 90 days. Also, the shares of the companies that are accepted in the stock market shall be returned to the owners of the shares one month after the end of every fiscal year.

4.3. Attention to the principle of auction and the mechanism of supply and demand in determining the price of shares along with initial support by the institution, within a maximum period of 30 days after the acceptance of the initial board price.

4.4. Creation of control mechanisms to prevent the exclusive use of insider trade information by operating individuals.

4.5. Creation of a national stock market, including the Tehran and secondary stock markets.

4.6. Projection of a supervisory system to evaluate the operations of the managers of companies and provide the public with the necessary information within the framework of the National Organization of Valuable Papers.

4.7. Dissolution of the National Iranian Investment Company, affiliated with the Central Bank of the Islamic Republic of Iran.

Essential Policies of the Government Sector

General Budget

A. Revenue Policies

Raising the tax revenue share of the gross domestic product up to a minimum of 15 percent by the end of the Second Plan as a main goal will require the following policies.

1. An increase in the direct tax share of the tax revenues of the country.

2. The omission of tax exemptions granted to various sectors, fields of activity, and establishments and a review of the tax system on the basis of the definition of a revenue base.

3. The correction and completion of tax laws for the establishment of indirect tax tariffs based on the value of goods alone.

4. Studies to establish new and different methods in the national tax system, such as taxes on net wealth and taxes on added value.

5. A revision of the organization and methods of collecting taxes, with the goal of modernizing and increasing the effectiveness of the tax system and minimizing the time for the collection of taxes, especially with regard to direct taxes.

6. An increase in the resources to obtain revenues by the provincial organization and the transfer of authority to spend it through special treasury accounts in the provinces.

B. Expenditure Policies

1. Preservation of the balance in the general government budget and keeping annual borrowing from the Central Bank at zero.

2. The annual budget in the Second Plan years shall be devised in such a way that current and developmental expenditures are included under the category number of the executive organizations and, as much as possible, so as to avoid taking into consideration the funds in the [budget] lines.

3. Current Expenditures

3.1. Guiding the general budget aid to government companies and those under the supervision of the government within the framework of the goals of the Second Plan.

3.2. Decreasing the current budget of the sectors concerning the sections on economic affairs through the omission of the activities under the control of the government.

3.3. Creating logical relationships between the funds of the revenue-generating executive organization (current and developmental), such as the Document Registration Organization and Personal Information Registration Organization at the level of their collected revenues to increase their usefulness and prevent the uncontrolled expansion of their organization.

3.4. Transferring some of the services activities of the government sector in the area of social services to the nongovernmental sector and freeing the government financial resources, and consequently creating the possibility to improve the quality of government services.

3.5. The subsidies and aid of the government and government revenue transfers within the framework of the budget of the organization should be fully clarified in such a way as to facilitat the preparation of an independent classification in this connection.

4. Developmental Expenditures

4.1. Revision of the basis of evaluation and the selection of projects on the basis of technical and economical justifications and revision of suitable executive and supervisory organizations.

4.2. Prioritizing the completion of incomplete projects and making them operational.

4.3 Elimination of projects which do not have techno-economic justifications or because of deficiencies in operations, or due to monetary or other limitations are not able to receive credit and make real progress or have a future.

4.4 Raising the rate of revenue from the availabe resources, elimination or delay in executing projects, despite the low rate of the operation of the existing

capacities in the related sectors, is to expand and create new capacities or the sale of such projects to the nongovernmental sector.

4.5. Devising the implementation of a selection and evaluation system for managers in the government developmental projects.

4.6. Preparing and devising the description of services for the preparatory period for operation and describing the duties of the operating organizations.

4.7. Revision of laws, regulations, and instructions that in some way concern the study and implementation of the developmental projects, such as the law of government transactions; the technical and implemental system to create competition in the private sector; the preparation of implemental standards; publication of the list of prices in the form of a data base; revitalization of the system of bidding; elimination of the method of transfer of projects through abandoning the bidding procedures, and obligating government organizations, government companies, and city halls to observe these laws equally.

4.8. Revision of the general accounting law in a manner that the developmental activities for executive organizations are facilitated and the possibility for effective supervision of the supervisory organization is provided.

4.9. Devising and reforming laws and regulations in a manner that results in the fostering of industrial designers and consultants.

5. General Policies

5.1. Stabilization and, if possible, reduction of the number of personnel in the government sector through the elimination of certain organizations, combining ministries and government organizations, and reducing the personnel of the remaining organization.

5.2. Revision in the system of management of government companies, change in the existing method of policy making, and supervision over companies through the general assemblies and supreme councils in a manner that encourages more precise control over the operation of the government companies.

5.3. Creation of the necessary grounds for carrying out annual audits of government companies and writing reports.

5.4. Finalizing the transfer to the private sector of all government companies that are in the first or second phase of privatization by the end of the Second Plan.

5.5. Devising and implementation of a system of evaluation, ranking, and determining the competence of every individual who will act as a manager of a government company and keeping the information up-to-date concerning the operations of the managers in the new positions.

5.6. Legislating the payments inside the government companies in the form of salaries, wages, benefits, overtime, incentives, and other kinds of payments, and also legislating the use by managers and employees of government companies of cars, organizational housing, and other resources that are at the disposal of these companies. Coordinating these authorizations with similar privileges in the government sector.

5.7. Transfer of that part of the internal service affairs of organizations (including ministries, agencies, and government and government-affiliated companies), such as cleaning, gardening, and transportation, which can be transferred to the private sector and eliminating the cost of organizations related to these services in government organizations.

5.8. Transfer of the creation of some of the public service facilities, such as educational, health, and welfare centers, from the revenues of city halls and creating the necessary grounds to collect property taxes by city halls within the city limit.

5.9. Revealing hidden subsidies in the first stage, then providing subsidies in the form of direct aid and later the elimination of subsidies, once the overall social security system is established.

Basic Policies of the Government Sector

General Budget

A. Revenue Policies

Raising the tax revenue share of the gross domestic product to at least 15 percent by the end of the Second Plan as a main goal requires the following policies.

1. Increasing the direct tax share in the tax revenues of the country.

2. Elimination of tax exemptions granted to various sectors, activities, and institutions and revision of the tax system on the basis of the definition of the revenue base.

3. Correction and completion of the tax laws to establish tariffs or indirect taxes on the basis of the value of goods.

4. Studies to establish new and unique methods in the national tax system, such as taxes on the value of capital, taxes on net property, and taxes on added value.

5. Revision in the organization and methods of tax collection with the goal of modernizing and increasing the productivity of the tax system and bringing the time for the collection of taxes to a minimum, especially with regard to direct taxes.

6. Increasing the resources of acquiring revenues by provincial organizations and transferring the authority to spend them through the creation of specific treasury accounts in the provinces.

B. Expenditure Policies

1. Preservation of the general government budget balance and keeping the level of annual borrowing from the Central Bank at zero.

2. The annual budget will be devised during the years of the Second Plan such that the current and developmental funds are stated under the number of categories of the executive organizations, and, as much as possible, allocating funds in the budget lines will be avoided.

3. Current Expenditures

3.1. Guiding the general budget aid to government companies and those affiliated with the government within the framework of the goals of the Second Plan.

3.2. Reduction of the current budget of the sectors concerned with the economic affairs chapters through the elimination of those activities under government control.

3.3. Creation of a logical relationship between the loans of the revenue-generating executive organizations (current and developmental), such as the Organization of Records and the Personal Data Registration Organization at the level of their collected revenues to increase productivity and prevent the uncontrolled expansion of their organization.

3.4. Transfer of some of the service activities of the government sector in social service areas to the nongovernmental sector and freeing the financial resources of the government, consequently creating the possibility to improve the quality of that part of the services offered by the government sector.

3.5. Government subsidies and aid and government revenue transfers within the framework of the budget of the organizations must be precisely specified in a manner that will make possible the preparation of an independent categorization in this connection.

4. Developmental Expenditures

4.1. Revision in the basis of evaluation and selection of projects on the basis of technical and economic justification and revision in the executive and supervisory organization suitable to it.

4.2. Prioritizing the completion of incomplete projects and bringing them to operation.

Welfare and Social Security

Social Security Will Have Two Bases

A. A protective system will be created based on employment and insurance through the establishment of a tripartite relationship between the insured, the employer, and the government. This system will include the following support.

Treatment, retirement, unemployment, work-related accidents, disability, death, pregnancy, and aid for dependent living expenditures.

B. A noninsurance social protection system.

[1.] This system will cover those individuals who are unable to make a living or pay for some of their emergency expenditures. This group will be selected to receive noninsurance social aid on the basis of situation and not income. The most important of these kinds of protection are:

Support for the elderly who are not covered by the insurance system.

Families that have no guardian and low-income families.

Disabled people who cannot work.

2. The social security system of the country will be devised on the basis of gradual generalization and expansion of social insurance by relying on the participation of the people, moving towards the reduction of noninsurance social support.

3. Considering that a major portion of uninsured people are rural employees, social insurance shall be extended to cover rural employees. Social insurance for self-employed villagers will only include health, full disability, retirement, and death insurance. Calculations concerning the share of the insured and the employer shall be based on insurance calculations, and the share of the employer will be paid by the government, if possible.

4. Reform of social insurance regulations in a manner that the necessary resources and motivation are provided to insure those in free trade and jobs.

5. Reform of retirement laws to prevent premature retirement and creation of regulations to decrease the income of the insured person during retirement according to the time of employment in order to make better use of the capabilities of the active forces in the society.

6. Unemployment insurance for a specific period of time during the changing of jobs or looking for new work will be paid (only to individuals who have been employed previously for a specific period of time).

7. Aid that shall be granted to individuals under the coverage of an uninsured protection system shall be in the form of the following aid.

Treatment and free education.

Regular payment equivalent to a percentage of the lowest monthly retirement pay.

Development of centers for child care and care of the elderly who have no guardians as well as the disabled with the regular payments for keeping such individuals to families and nongovernmental centers which keep these individuals.

8. The Ministry of Social Security and Cooperatives will be established to concentrate on social insurance affairs, uninsured social protection, and to carry out the present duties of the Ministry of Cooperatives, and the following organizations shall be administered under the supervision of this ministry.

8.1. The Social Security Organization.

8.2. The Government Employees Retirement Organization, which will be created by combining all the retirement funds.

8.3. The Imam Khomeyni Emergency Organization, which will be created by combining the Welfare Organization and the Imam Khomeyni Emergency Committee.

8.4. The Shahid Foundation.

[9.] The Foundation for the Affairs of the Imposed War Refugees and the Headquarters of the Affairs of the Freed Prisoners of War will be dissolved by the start of the Second Plan (1373 [21 Mar 1994-20 Mar 1995]).

10. All laws and regulations that remove the authority of the employer and the worker to dissolve employment contracts shall be abolished. Also, all laws and regulations that prevent the dissolution of official and permanent employment contracts in regards to government employees shall be abolished (considering the abovementioned social security system), and necessary regulations for signing bilateral agreements shall be devised. In this area, some professions, such as national officials, judges, and high-ranking experts, may be exempted from this issue, and in regards to these employment commitments, bilateral agreements will be signed.

11. Reforms and the devising of regulations concerning protection for the grand families of martyrs and self-sacrificers of the Islamic revolution will be carried out.

12. Creation of the necessary motivation through payment of some of the interest on granted loans by the government for effective participation of charitable organizations and individuals in investments and creation of suitable centers for:

Keeping and caring for the elderly.

Keeping and education of children without guardians.

Recuperation centers.

13. The management of emergency affairs and fighting national disasters shall be centered in an independent organization and all related government institutions and organizations shall be under the organization of this center.

14. All actual and legal persons (including government and nongovernment) have a right and choice to chose an insurance organization or company with which to sign social insurance agreements.

Basic Policies of the Health and Treatment Sector

A. Treatment

1. Treatment services insurance.

1.1 Treatment services insurance will be planned and implemnted accaording to the regulations listed below:

Determining the per capita insurance right and the share of the insured and the employer.

Devising the costs of treatment services on the basis of actual prices and with consideration for economic principles.

Stopping loans of government hospitals and treatment units from the general government budget and allocating them in the general treatment services insurance plan to pay the insurance premium of the strata under government protection.

Payment of a part of the treatment cost by the applicant and payment of the rest of expenditures by the National Insurance Organization.

1.2. Transfer of all noneducational hospitals to the nongovernment sector.

1.3. Operation of all government hospitals in a self-operational form.

1.4. Securing the bureaucratic, financial, and administrative independence of all public hospitals and their operation by a board of directors or a board of executors with the identity and nature of nongovernment establishments.

1.5. Providing the grounds for the active and direct participation of insurance companies throughout the country in general treatment services insurance and taking steps to establish double insurance to provide and offer specialized treatment services to the insured within the framework of the ratified regulations and special contracts.

2. Support and expansion of actions in regards to the transfer of technology and advanced medical equipment in the teaching hospitals, with the goal of promoting the quality of services and strengthening the specialized and highly specialized centers, and reducing and limiting the sending of patients abroad.

3. Attracting the participation of and creating incentives for the private sector and nongovernment investors to invest in building hospitals, polyclinics, and medical diagnostic laboratories by granting long-term loans, especially in new companies that are created within the framework of the urban development plan. If necessary, part of the interest on the loans granted shall be paid from the general budget.

4. Reforming the method of consumption and preventing the uncontrolled consumption of drugs through

setting the actual price of drugs and supervision over the sale of drugs without a doctor's prescription.

5. The sale of a part of the incomplete hospitals to the nongovernmental sector.

6. Fully replacing foreign physicians with Iranian physicians at the latest by the end of the Second Plan.

B. Health

1. Full establishment of the National Health Care Network on the basis of the Network Development Plan and providing facilities and resources to offer health care services for everyone by the end of the Second Plan, with 100-percent population coverage.

2. Promotion of the level of awareness of the society and attracting the participation of the people in the area of individual and public health education through the expansion of the organized cooperation between the sectors and the mass media.

3. Promoting health and improvement of the environment of villages through the implementation of healthy drinking water projects and necessary training in proper disposal of waste water and household waste throughout all villages.

4. Strengthening the activities of organizations concerning the supervision over the environmental health of the food stores and restaurants and places where public services are offered and supervision over the proper implementation of such duties.

5. Expansion of activities and operations to prevent physical and mental disability.

6. Organizing mother and child health care programs and planned parenthood to control the population and reform the structure of the national population.

7. Transfer of duties to create and expand part of the hospitals and health centers to the city halls throughout the country.

Basic Policies of the Education Sector

The policies of the education sector have been designed to achieve the goal of development of the educational centers by the nongovernment sector in a manner that by the end of the Second Plan the goal of transferring at least 20 percent of the total number of students to the nongovernmental educational centers will be realized.

1. Reform of the education system in a manner that:

A. The intended standards in terms of curriculum at every educational juncture are revised by the Ministry of Education.

B. Facilitates study in the government and nongovernmental centers and in attendance, part-time attendance, and nonattendance educational centers for individual students, with consideration for equal regulations and standards governing the determination of the competence of students for promotion to higher levels through miscellaneous examination on the basis of determined educational standards for all educational levels.

C. In order to implement the policy of avoiding the concentration and administration of educational units and supervision over their financial operations, the Council of Educational Regions will be established in the cities. In order to confer this matter, the organization of the Ministry of Education, the Central Offices of the Provinces, and other units will undergo essential revision.

D. Facilitating the creation of nongovernmental schools by transferring land, granting credit loans by paying a part of the interest from the general budget, and the sale of incomplete educational buildings (with consideration for the freedom of action of such schools in setting tuition).

E. Transfer of educational space to city halls by making use of the mechanism of collecting special taxes on the basis of the value of properties located in the city limits.

2. The issue of literacy shall be promoted with the following methods.

The government and government institutions shall not by any means employ illiterate individuals.

Offering services such as driver's licenses and their extension and military service completion certificates to illiterate individuals under 40 years of age shall be avoided.

3. Giving priority to allocating general budget funds concerning education to the deprived regions and villages.

4. Allocation of the general budget of the government on the basis of per capita cost of educational levels will be carried out in ratio to the financial ability of the government. Also, educational units shall be allowed to collect from the guardians of students the educational cost for the offered services in excess of specified services in the per capita student expenditures.

5. Revision of the content of textbooks, the elimination of unnecessary subject matters to reduce the number of subject matters and increase the educational quality of basic subject matters.

6. Modification of the organization of the schools to reduce administrative and support positions.

7. Increasing the average number of students in classes through increasing the number of students in those classes with fewer students.

8. Increase in the level of utilization of educational manpower to make better use of the general government budget resources.

9. Creation of the necessary facilities to attract investments by the private sector and government and nongovernment organizations and companies in technical and vocational training related to the new high school education system and placing educational value on learning outside school on the basis of skill tests.

Basic Policies of the Higher Education Sector

1. Creating an independent identity for universities under the supervision of the government within the framework of the financial resources (governmental and nongovernmental) through:

A. Administrative independence: Granting the necessary legal permits to the presidents of universities to create suitable organizations and have freedom of action regarding issues related to the management of the work force.

B. Financial independence: Designing a mechanism to create revenues and the possibility for every university to spend the current funds independently.

C. Independence to procure faculty: Granting the necessary authority to procure faculty through signing agreements with accredited scientific centers in the world, especially at the doctoral level, granting educational grants, and employing faculty on the basis of special quality standards.

D. Possibility to sign contracts with government organizations and the private sector to establish special courses to strengthen the expert cadre of those organizations.

E. Creation and expansion of evening and partial-attendance courses in order to make maximal use of resources.

F. Independence of universities to select students for master's and doctoral levels.

G. Creation of new fields on the basis of regulations and policies ratified by the Council on Expansion of Higher Education.

H. Expansion of the research activities and signing agreements with government organizations and the private sector and establishing short-term and long-term specialized courses for organization, collection of the related expenditures, and allocating them to the development, improvement, and administration of affairs.

2. Redesigning the higher education system of the country such that policy making, evaluation, and examination throughout higher education will be carried out in a centralized manner and the universities enjoy sufficient freedom of action in various kinds of decision making. In order to achieve this, the combining of the Ministries of Culture and Higher Education and Education will be necessary.

3. Creation of appropriate legal grounds to create universities by actual and legal charitable persons and providing legal permits to operate universities on the basis of management determined by the investor.

4. Granting loans by paying a part of the interest of the granted credit by the government and lack of government control over the tuition of such higher education institutions in order to expand investment by the private sector in higher education.

5. Attracting more native students in the universities by using the methods of strengthening the scientific abilities of such students prior to entry into the university.

6. Expansion of the possibility of access of the general public to the general centers of universities, such as the use of libraries, athletic facilities, etc.

7. Enabling investment in creating and operating student dormitories for the private sector and charitable individuals.

8. Revision of curriculum and elimination of redundant and excessive courses to reduce courses, and reforming and implementing the educational regulations in order to reduce educational decline.

9. Holding general centralized examinations in major fields for graduates with consideration for the expansive activities of the free universities and the significant variety of government universities in terms of quality by the responsible organization. The results of these examinations will be used only for a general evaluation of the quality of the graduates of various universities.

10. Prioritizing the completion of incomplete projects and preventing the start of new projects.

11. Prohibiting the creation of new higher education units from the general budget of the government.

12. Providing for the educational expenditures of students in order to increase productivity in the higher education system and making better use of the higher education resources shall be carried out on the basis of the following principles.

12.1. All educational expenditures (including educational and student) for distinguished students and the quotas of the self-sacrificers shall be paid by the government during their education.

12.2. The educational expenditures of other students shall be provided directly or in the form of loans by creating banking facilities with the payment of interest on granted loans from the general budget. Student expenditures shall be provided fully by the student.

12.3. All students who do not receive a passing grade in one or more courses shall be responsible to reregister in the same course or courses and paying the educational cost.

12.4. The educational and student expenditures shall be determined on the basis of the calculation of student per

capita expenditures according to various educational groups and on the basis of government aid and direct loans and tuition.

12.5. Those who in accordance with the need of the government are obliged to serve in an organization that uses the general budget are exempt from the payment of educational expenditures.

12.6. Government and nongovernment sector companies may, in exchange for the commitment of service from students, assume the repayment of the student's educational loan.

Essential Population Policies

Below, the essential population control policies in the Second Plan are presented in the four forms of direct controls, increase in the level of public awareness, increase in the level of participation of women in economic and social activities, and constant studies of the population structure.

1. Reducing the Pregnancy Rate

1.1. Providing and expanding the means of preventing pregnancy throughout the geographic regions of the country, especially in villages and deprived areas.

1.2. Acquiring knowledge and carrying out studies to make use of and expand new methods and technologies to prevent pregnancy.

1.3. Allocation of a part of the activities of the hospitals, treatment centers, and health centers throughout the country to regularly offer pregnancy prevention services.

1.4. Abolition of all laws and regulations and relative economic and social advantages encouraging families larger than four persons.

2. Increase in the Level of General Awareness of the Members of the Society

2.1. Education and increasing the awareness of girls and women at potential ages for pregnancy in the area of the advantages of birth control, birth-control methods, and the harmfulness of numerous and frequent pregnancies, especially through the distribution of pamphlets, particularly during the blood test required for marriage.

2.2. Allocation of a part of the contents of textbooks in various educational (junior high school and higher) and literacy courses to the teaching of population issues, especially health and planned parenthood, and explaining the positive effect of this issue in improving the living conditions of the family.

2.3. Expansion of public awareness of the members of the society in the area of the harms and problems resulting from the uncontrolled increase in the population through the media, particularly the Voice and Vision of the Islamic Republic of Iran.

3. Increase in the Level of Participation of Women in Economic and Social Activities

3.1. Creating the necessary facilities and complete modification of the regulations to establish technical-vocational education centers by the private sector, especially women's jobs.

3.2. Encouragement and expansion of handicrafts particular to women, especially in the rural and deprived regions of the country, and organizing markets to sell these products.

3.3. Increasing the educational coverage for girls who need to be educated at the high school, associate degree, and university levels.

3.4. Expansion of athletic and healthy recreational resources for women through proper allocation of existing resources.

3.5. Carrying out studies and offering information concerning open female employment and the creation of equal conditions for women in existing opportunities concerning the creation of free businesses.

4. Regular Study of Population Makeup

4.1. Carrying out the current population and work force project in order to learn of the changes in the population, the work market, the active force, and the employed force in the country in 1374 [21 Mar 1995-20 Mar 1996] and 1376 [21 Mar 1997-20 Mar 1998].

4.2. Carrying out the annual sample project on the economic situation and employment of the family.

Basic Policies of the Culture Sector

1. Dividing the duty of cultural legislators from the implementation, determining the concerned authorities, and creating coordination and unity of direction among the organizations and institutions in charge of the cultural affairs of the country to increase the productivity and beneficial output of the investments and loans spent in them and preventing and eliminating the expansion of parallel organizations.

2. Prioritizing the completion of incomplete projects and plans that have high physical progress in the Second Five-Year Plan.

3. Giving priority to investment to complete plans and projects in the culture and arts sector.

4. Giving priority to children and youth in the cultural and artistic programs.

5. Maintaining an active presence in and cultural cooperation with countries familiar with Persian, especially in the newly independent Central Asian countries.

6. Devising appropriate methods and systems for more productive control in order to better and more safely preserve and protect discovered cultural and artistic works.

7. Equipping and operating the central public and main libraries of the country by the government and transferring the small public libraries to the city halls by the imposition of policies, supervision, guidance, and support.

8. Expansion of relations with independent and strong news agencies in the world to challenge the news monopoly by the great powers.

9. Increasing the revenues from the religious endowments through revision in the methods of the use of religious endowments and allocating them to the intentions of the endowers.

10. Modification of the price of cultural products, especially concerning books and the press, except for educational books.

11. Transferring the operation of historical buildings to city halls and regionalizing the Office of Cultural Heritage Affairs.

Iran and World Tourism

1. Modification of the price of services offered by hotels, restaurants, and other tourism facilities in order to encourage investment by the private sector in creating tourism facilities and controlling the quality of services offered by the responsible organizations.

2. The sale of operating units and the transfer of the incomplete projects and plans of the Iran and World Tourism Center to the private sector without changing their use, except in exceptional cases, with the permission of the Ministry of Islamic Culture and Guidance and the city halls, and granting permission to spend the revenues obtained by the Ministry of Islamic Culture and Guidance in order to expand Iranian and world tourism.

3. Revitalization and strengthening world tourism in terms of such attractions as sightseeing, pilgrimage, and historical and ancient buildings.

4. Expansion and strengthening of publicity programs for introducing Islamic Iran and the natural and historical attractions of the country through the preparation and distribution of brochures, guiding publications, maps, and so on, at the points of entry of tourists to the country and various cities.

5. Transfer of the National Cultural Heritage Organization to the Ministry of Islamic Culture and Guidance in order to better coordinate and better use the buildings at the disposal of the above-mentioned organization to offer to all tourists.

6. Creation of the necessary grounds to expand motels along the roads, especially along the international and tourist routes in the country.

7. Creation of more facilities for the entry and exit of Muslim citizens of other countries.

Basic Policies of the Voice and Vision

1. Use of suitable standards in the composition of the Voice and Vision programs in order to create variety.

2. Increase in the quantity and quality of the programs for young people and youth, with attention paid to the problems and needs of this group.

3. Expansion of the activities of the Voice and Vision in the country and abroad.

4. Increase in the revenues obtained from commercials, publications, and other revenues and the use of public participation in order to provide for some of the costs.

5. Reform of the budgeting of the Voice and Vision organization on the basis of the cost of produced programs (project production), also reform of the financial and economic structure of the above-mentioned organization and creation of a logical and appropriate balance in the composition of personnel, investment, and other expenditures.

6. Expansion of the transfer of the picture services production of the Voice and Vision to the nongovernment sector and reducing emergency production by the Voice and Vision Organization of the Islamic Republic of Iran.

Essential Policies of the Physical Education Sector

1. Giving priority to providing and allocating the general budget to create and expand low-cost and rapid-return public athletic places and full use of the existing athletic capacities of the country.

2. Giving priority to allocating the general budget resources in the area of creating necessary athletic places and equipment for basic sports.

3. Projection of athletic spaces in the developmental plans concerning the creation of public education centers (schools, high schools, and trade schools).

4. Expansion of the activities of private athletic clubs through providing for a part of the interest on granted loans from the general budget.

5. Transfer of the duty of the creation, expansion and equipment of a part of the athletic places to the city halls throughout the country.

6. Support and providing for national champions in various athletic fields in order to create the necessary preparedness to attend international events and expand professional sports.

7. Increase in the hours of operation and use of existing athletic facilities in various shifts on holidays for better use.

8. Collection of part of the actual cost of athletic services from users of nonpublic and private sports.

9. Transfer of a part of the incomplete and operating athletic facilities to the private sector in granting authority to the Physical Education Organization to use the obtained revenues to equip the government athletic centers with athletic resources and equipment and expand the athletic centers.

10. The sale to the private sector of some of the athletic land belonging to the government about which there has been no decision for years without the change of use in order to create athletic facilities.

11. Expansion of athletic high schools in order to train the manpower of the physical education and sports sector and expand sports in the society.

Essential Policies of the Foreign Relations Sector

1. Revision in the existing diplomatic agencies on the basis of the political, security, and defense goals of the country and expansion of the agencies in Muslim countries, such as the newly independent Soviet Republics and revision of diplomatic activities in countries with weak political potential and establishing relations with them through Agrotekh.

2. Concentration of political, diplomatic, and cultural studies, and social and economic investigations in the embassies of the Islamic Republic of Iran and elimination of parallel organizations created in the past.

3. Preserving the dignity of the Islamic Republic abroad through the control of and supervision over official missions of government delegations in order determine the need for and acquisition of reports on the results and effects of the missions.

4. Promoting the quality of the abilities of the ambassadors and the diplomatic representatives of the country and attention to their experience and educational background.

Essential Policies of Judicial Affairs

1. Creation of suitable judicial and administrative organizations to facilitate and expedite the adjudication stages and standardizing the organization on the basis of population and area of judicial zone they cover and the kind of crimes.

2. Creation of a unified and active judicial aid system, such as activating the attorneys center in order to reduce the volume of activities of the courts and prosecutors offices.

3. Shortening the course and time for the investigation of disputes through reforming the adjudication, penal, and legal laws and using new tools and technology; using a mechanized filing system; creating adjudication councils; and referring some of the authority of the courts to other executive organizations (such as evictions or inheritance disputes).

4. Promotion of the quality of the existing manpower, attracting new expert forces, and reforming the structure of the existing work force.

5. Increasing the speed and care in the recording operation through replacing the descriptive and manual recording with digital and mechanized recording.

6. Preventing crime by placing other punishments, such as cash fines and carrying out social services, in place of jail, carrying out family care concerning prisoners, categorizing the prisons and prisoners in the country, and creating production units to develop technical and vocational training for prisoners.

7. Planning to transfer the location of prisons from the centers of cities to outside the cities.

8. Revisions to increase the salaries and benefits of judges, considering the sensitivity and position of judges, suitable to their operation.

9. Completion, equipment and development of buildings and administrative and judicial facilities throughout the country by giving priority to the deprived regions.

Basic Policies of Administrative and Executive Affairs

1. Attracting greater cooperation from the people through devising suitable laws and regulations to fight social corruption and instruction to do good and prevent evil acts through organized people's forces.

2. Strengthening the quality of governor's offices, establishment of rural councils, and elimination of district offices.

3. Preventing centralization, regionalizing some of the duties of the government to strengthen the organizations of the provinces, establishing city councils, and limiting the organizations of the central region.

4. Revising the structure of the organization of the offices of governors general to promote the quality of the duties conferred, strengthening the role of the governor as the high-ranking government representative throughout the provinces, and creating unity in the duties and current activities throughout the provinces.

5. Revitalizing the role of the government rate, avoiding implemental affairs, and revising the government organizations to limit the organizations and raise the quality of the duties of the headquarters.

6. Reducing the organizational positions and organizational units at the level of the central offices, management, and departments in government organizations.

7. Making logical the ratio of main jobs to support jobs.

8. Preventing the expansion of organizations at the level of national divisions.

9. Creation of a unified organization by combining the related Organizations for:

Educational Affairs
Water and Agricultural Affairs
Industries and Mines and Trade Affairs
Social Security and Cooperative Affairs
Transportation and Communications Affairs
Energy Affairs
Planning and Budget and Administrative and Employment Affairs

10. Increasing specialized and research capability of the government organizations through the full use of the existing capabilities and resources of manpower, quality development of the manpower, and attracting more specialized manpower.

11. Payment of salaries and benefits suitable to the productivity of individuals.

12. Establishing an appropriate evaluation, appointment, and dismissal system for managers of government organizations.

13. Increasing the speed of implementation of affairs through the reduction of procedures and the elimination of excessive procedures in government organizations, with the use of suitable technologies.

14. Revising the executive methods with consideration for the ease, simplicity, and elimination of complication in the implementation of laws and regulations.

15. Clarifying and devising uniform systems connected with clients make it possible for one visit to one official to accomplish the job of the applicant. Also, preparing and providing necessary pamphlets concerning regulations, instructions, and procedures for affairs that concern clients.

Basic Policies of the Energy Sector

1. Use of the renewable energy potential and coal, with emphasis on hydroelectric energy, to create variety in the primary energy sources; protection of oil and natural gas reserves; and protection of the world market of oil sales.

2. Establishing unity between the decision-making management and creating coordination in energy affairs.

3. Improving and conserving energy consumption through:

3.1. The establishment of a conservation fund by depositing a percentage of the sale of energy carriers as taxes to implement plans and projects concerning energy conservation and demand management.

3.2. The imposition of instructions and a system of suitable pricing in order to decrease the speed of energy (ratio of energy consumption to added value) in the economic sector.

3.3. The preparation of projects and implementation of conservation methods in the consumption of various kinds of energy, such as modifying the use of energy in vehicles, electrical equipment, heating equipment, and the insulation of buildings.

3.4. The modification of energy consumption such that its average growth in the course of the plan will not exceed the average growth of the gross domestic product (average of energy pull in the course of the plan should become at most one).

4. Reforming the pricing system in the energy sector with consideration for the following:

4.1. Making the price of energy reasonable, with attention to the price of other factors of production, such as capital, raw materials, manpower, and other factors, and also by inclusion of the export price of crude oil and natural gas and actual production, transportation, and distribution costs.

4.2. Creating a balance between the price of various energies, including petroleum products, natural gas, and electricity, with attention to such issues as social justice, environmental effects, heating value, and the possibility of replacing each.

4.3. Imposiiting rates and sales tariffs in an ascending, seasonal, regional, and peak hour form in order to regulate consumption and the burden factor and, subsequently, conserving in investments of the facilities of peak burden (especially natural gas and electricity).

4.4. Creating a balance in the financial sources and uses and revocation of all tax and commercial interest exemptions in energy sectors.

5. Protection of the crude oil and natural gas resources of the country by implementing natural gas injection projects in the oil fields, not using natural gas caps and resources that have waste, and preventing the burning of accompanying gases.

6. Maximum use of the joint oil and natural gas fields.

7. Creating natural gas support refineries and also reforming the refinery model, preventing refinery waste, and raising the quality of the production of the existing refineries through the use of new technologies.

8. Observing environmental standards in the production and consumption of petroleum products.

9. Emphasizing the development of natural gas resources and prioritizing the implementation of natural gas outreach to large cities, industrial centers (with emphasis on

the use of natural gas in the three seasons that are not cold), cold regions, and major- and high-consumption centers.

10. Carrying out the following steps to improve the operation and raise the use of labor and capital, creating competition, using the resources of the nongovernment sector, and decreasing the financial burden and responsibilities of the government.

10.1. Transferring branches, sales taxes, and locations for sale and also road transportation of petroleum products to the private sector.

10.2. Transferring capsule filling facilities and liquid natural gas agencies to the private sector.

10.3. Transferring the administration, operation, and upkeep of electricity and natural gas networks to the city halls with the participation of the private sector.

10.4. Decentralizing the transfer of existing power plants and electricity distribution networks to the regional electric companies and strengthening the role of the central headquarters in the area of concentration in the affairs of policy making, expansion and renovation.

11. Activities the ownership or operation of which will remain the responsibility of the government (such as power plants, refineries, excavation, and production of oil and natural gas) shall be managed as self-operating economic units (with emphasis on reducing the average cost at fixed prices along with production increase).

Basic Policies of the Housing Sector

1. Increasing the use of the residential areas of the existing city by increasing the urban services capacities; building higher buildings and complexes; reforming the composition; and ultimately increasing the suitable concentration of the urban services capacities.

2. Prioritizing the completion of new cities under construction, with attention to the executive and economic capability of the country in order to offer housing more rapidly in the Second Five-Year Plan.

3. Creating guild and specialized construction and housing organizations by the private sector in the form of production organizations, construction companies, and cooperative companies in a manner that they can engage in the mass production of traditional-style housing or advance buildings in various areas of the country.

4. Government support to encourage mass producers and high-rise builders by devising regulations for installment payment of taxes for areas under construction after the construction, expediting the issuance of permits, and payment of some of the interest of the granted loans from the general budget.

5. Eliminating the restrictions and implemental problems of Article 67 of the implemental bylaws of the urban land law to transfer a larger share to the producers of residential units.

6. Increasing encouragement of the builders of residential units of less than 100 square meters under construction by installment payment of taxes on the area under construction and payment of a part of the interest on loans granted from the general budget.

7. Devising laws concerning the creation of operating companies in the residential complexes by the people and regulating them to ensure proper operation of the residential units.

8. Reforming laws and giving support for the rental system such that the necessary motivation for investment is provided for the construction of rental housing.

9. The entry of city halls into the construction and renting of houses in cities, especially in terms of the renovation of old neighborhoods.

10. Reduction of the weight of buildings and lightening the dead load by devising instructions and standards that result in the decrease in the cost of building.

11. Teaching new techniques in construction in order to use new technology, properly keeping up existing urban buildings, and changing less durable buildings to durable ones by creating building repair companies.

12. Increasing the supply of urban land and preparing it by the private sector and city halls.

Basic Policies of Urban Development

1. Reform of urban management through the establishment of city councils.

2. Extending new duties to city halls, such as the building of schools and housing and the creation of urban water and sewage networks by the nongovernment provincial water and sewage companies and creating urban electricity distribution networks, health activities, and social activities, such as libraries and museums.

3. Decentralizing from the city of Tehran and large cities (cities with populations over 500,000) by transferring activities to midsized cities.

4. Revising the management organization of city halls and creating technical and planning capabilities of city halls to except new duties.

5. Preparing a new skeletal project for cities on the basis of economic characteristics and financial resources.

6. Preparing urban-based maps by the city halls and the private sector through new methods.

7. Creating joint channels of urban facilities for main routes by city halls, with the participation of related organizations.

8. Preparation of comprehensive urban transportation projects to improve the urban networks and make better use of urban transportation resources by the city council.

9. Completion of the existing city bypass projects by the end of the Second Plan.

10. Reducing the use of personal cars by expanding public transportation systems in the large and medium-sized cities and increasing taxes on personal vehicles.

11. Decreasing environmental pollution in cities through limiting polluting vehicles, using natural gas-burning cars, and encouraging the use of bicycles by creating bicycle route networks.

12. Making necessary preparations to protect the cities against natural disasters and fire by devising safety principles and standards for confronting such occurrences as earthquakes, creating flood blockages and guiding canals for surface waters, and improving the floodways by the city halls, with the cooperation of related organizations.

Basic Policies of the Transportation Sector

1. Emphasis on the upkeep, improvement, and reconstruction of existing facilities (roads, railroads, ports, and airports) and transportation facilities (road transportation fleets, railroads, air and sea transportation).

2. Emphasis on the completion of projects under way and not accepting new projects beyond the implemental and financial abilities of the councils.

3. Reevaluation of the projects under way in road building, railroads, ports, and airports and elimination of projects that cannot be justified economically and technically.

4. Transferring the shipping company of the Islamic Republic of Iran to the Ministry of Roads and Transports in order to centralize the transportation affairs under a single management.

5. Transferring a significant part of the government road transportation companies to the private sector in order to reduce the number of these companies and transferring the activities of road transportation to the private sector.

6. Encouraging the guild and specialized organizations and preventing monopolies along with making use of specialized and educated individuals as well as new management in road transportation units.

7. Transferring the Iran Road Development Company and its resources to the private sector.

8. Changing the Soil Technical and Mechanical Laboratory to the Center for Devising Technical Standards and gradually transferring occasional laboratory work to the private sector.

9. Transferring the investment in and operation of the cargo and passenger terminals to the private sector.

10. Eliminating financial aid from the general budget of the government to provide the costs for the operation and maintenance of created facilities in the railroads, ports, and airports.

11. Gradual transfer of railroad activities to the nongovernment sector so that at the end of the Second Plan only the duty of the route and operation (management of the operation of trains) will be the duty of the railroads.

12. Using the economic price to determine the rate of tariff on the transportation of goods and passengers by the railroads and airplanes and port and airport services and the elimination of pricing methods in road transportation.

13. Transferring the operation of the commercial port docks and loading and unloading resources to the commercial establishments and companies in the form of leasing.

14. Attracting the increased participation of domestic (private) and foreign air transportation and eliminating the existing monopolies in a manner that transportation companies will be able to compete with the Airlines Company of the Islamic Republic of Iran.

15. Dissolving the machinery company of the Ministry of Roads and Transports and transferring the machinery of this company to the nongovernment sector.

16. Attracting the participation of foreign investments in creating and operating the facilities of the transportation sector, particularly in the construction of freeways, railroads, and airports.

17. In order to ensure traffic safety and the observance of driving regulations, the implementation of moving vehicles on roads and also public training will be emphasized.

18. Centralization of educational affairs under transportation shall be a single management in the Ministry of Roads and Transports.

19. Increased control and supervision over the implementation of developmental projects and prevention of decreased quality of implementation.

Basic Policies of the Communications Sector

1. Creation of regional and independent communications companies and regional postal companies.

2. Revocation of the restrictions on the entry of communications goods and equipment.

3. Creation of new communications services by the private sector, especially in the following areas:

[Dadeh as published], mobile, and communication to particular areas.

4. Transfer of urban communication services within the city limits to the private sector in order to make services to subscribers more economical.

5. Creating conditions in which the telephone is no longer a capital investment item and becomes merely a consumer item.

6. Imposition of the method of tariffs and reduction of deposits in pricing communication services.

7. Creation of the necessary communications capacities to achieve the long-distance education project by the responsible organizations in order to decrease educational costs.

8. Offering public communications in all public places (urban and rural) to make available quick access to these services, decreasing the cost of transportation, and removing the existing restrictions in this area.

9. Attention to the development of communications capacities in line to develop the coverage of the Voice and Vision of the country.

10. Creation of parallel positions by the private sector.

11. The use of the resources and abilities of the private sector in designing, installing, operating, repairing, and maintaining the specialized and nonspecialized activities of the sectors under established rules and regulations and supervising over them.

12. Creation of postal units in public, commercial, administrative, urban, and rural places.

13. Creation of new postal services and their expansion throughout the country by the private sector, especially in the areas of [illeagible], financil post, [dadeh—as published], electronic mail and express mail.

14. Devising and imposing quantity and quality standards of communications networks and equipment.

15. Control of the frequency situation of the country in all bands with the use of suitable methods, including the preparation and devising of a national frequency chart.

16. Improvement in the use of the frequency atmosphere of the country through research in the area of wave spreading and the compatibility of electromagnetic waves.

17. Creation of the necessary conditions to learn the techniques of long-distance measurement and encouraging its use by all executive organizations and the private sector in all provinces of the country.

18. Transfer of all production units affiliated with the communications company to the private sector.

Basic Policies of the Water Sector

1. Provision of Water

1.1. The start of new large water provision projects with attention to the priority of the incomplete projects can be examined only after the water management plan is prepared and the necessary studies are made on the upper part of the dam and projects are prepared related to the irrigation and drainage network and the procedures to distribute it to the farmlands and operate and maintain the network.

1.2. The water management program of the upper area and also the lower area network of the projects in operation shall be corrected by improving and use of the pressurized irrigation systems, and then the specific system of operation and maintenance shall be prepared, devised, and implemented.

1.3. Small water provision projects (provided the related regulations are observed and sufficient technical and economic studies are done) will be carried out on a provincial level, and priority in this area will be given to projects in which there is possibility for financial participation by private operators.

1.4. Finding the location and establishment of residential cities and large industries, especially the projects of the government sector, shall be carried out if water resources are accessed within the possible limits of the area and also with consideration for the preservation of the surface and underground water resources.

1.5. In large industrial and population areas, purification of sewage water and its use in water circulation will be considered. These projects shall be carried out through equipping the regional resources.

1.6. Projects and instructions concerning the prevention of the pollution of water resources shall be devised by the Ministry of Energy with the cooperation of concerned organizations.

2. Creation of Irrigation and Drainage Networks

2.1. Transfer of some of the investments in irrigation and drainage networks to the nongovernment sector and water consumers during the Second Plan.

2.2. Full transfer of the maintenance and operations of the existing irrigation and drainage networks to farmers and local organizations.

2.3. In order to conserve water and prevent waste and for the agricultural lands to develop adequate water drainage, water pricing shall be based on the volume of water. Prices shall be determined so as to provice the necessary resources for investment in creating irrigation and drainage networks, the cost of maintenance and operation of the irrigation network, and the completion of modern irrigation drainage projects.

2.4. The project for installing volume meters on agricultural and industrial water wells, granting priority to the critical regions, shall be completed by the end of the Second Plan.

2.5. Projects concerning the production of parts for pressurized irrigation (rain, drip, and open irrigation) for various measurements of operation shall be prepared by the industrial ministries with the cooperation of responsible organizations, and propagational and training programs will also be devised.

3. Water Outreach to Cities and Industries

3.1. Projects to provide drinking and industrial water will be prepared with the related water outreach projects so as to ensure maximal use of the water resources.

3.2. Pricing for every unit (cubic meter) of consumer water shall be determined on the basis of the principle of water conservation so as to ensure the costs of desirable operation and maintenance of all water facilities will be possible to be paid without need to provide financial resources by the government by the end of the Second Plan.

3.3. Pricing of water shall be determined on the basis of regional costs, transmission, operation, and maintenance of the facilities. The necessary subsidies for the deprived regions shall be calculated and paid from the general budget.

3.4. Water and sewage companies shall be operating in a fully self-sufficent manner and shall engage in expansion of water outreach in cities on the basis of obtainable resources from the sale of water and connection fees.

4. Organizing the Organization of the Office of Water Affairs of the Country

In order to prevent disarray and lack of coordination of the duties of the water sector and interference of the activities and creation of coordination in water-related affairs, the following shall be observed.

4.1. Studying, creation, and maintenance of water procurement projects and primary and secondary irrigation and drainage networks shall be carried out by one single executive organization.

4.2. Considering the importance of improved use of water and irrigation and drainage networks, all new projects shall be considered in connection with the use of the pressurized irrigation system and direct water from the main dam.

4.3. The rural water outreach projects will be carried out by the Ministry of Construction Jihad. Maintenance of these projects shall be the responsibility of the users.

4.4. Maintenance of water outreach projects to cities and industries shall be carried out by water and sewage companies. Also, the implementation of water distribution and sewage collection networks in the cities shall be the responsibility of these companies.

Basic Policies of the Agricultural Sector

1. The government shall determine the guaranteed price of essential agricultural goals, dairy products, and white meat in a manner that the price of domestic products is at least equal to the international price (the least expensive price purchasable in foreign markets), plus the minimum cost of transportation to the national ports, plus a total of 20 percent in customs fees and commercial taxes on the basis of a free rate of foreign currency, plus the cost of transportation to the main domestic market, that is, Tehran. The rate of tariffs and commercial taxes, with the elimination of subsidies on production in the seller countries and the increase in domestic production, can gradually be decreased so that if the domestic producer produces his goods at the competitive international level, he would not be harmed by uncontrolled imports. Concerning the remainder of the agricultural goals, the price shall be based on the market and in a free form.

2. The rate of foreign products and imported goods (machinery, seeds, raw materials, fertilizers, pesticides, newly-hatched chicks, seeds, and fodder) shall be calculated on the basis of the dollar, and the rate of the dollar shall be based on the open market rate (average of the last three months). These rates will be the basis for the calculation to determine the ceiling of the guaranteed price of domestic products.

3. The subsidies on utilities (water, electricity, etc.) shall be gradually eliminated up to the level of the price of these utilities in other economic sectors.

4. Imports of agricultural and livestock products shall be at the rate of floating foreign currency, tariffs, suitable customs taxes, and the observance of free quarantine considerations. Also, the restrictions on the export of domestic products shall not be observed without considering such concerns as quality control.

5. Development and propagation of new irrigation projects and methods, especially pressurized irrigation methods, to make better use of the water resources of the country and the imposition of the policy of productivity increase of every unit of consumer water in agriculture shall be carried out by controlled methods or difference in the price of consumed water.

6. The use of regional capabilities in making regional agricultural policies shall be a principle, and no regional policy shall be devised for the growth of agricultural and livestock products and increase in profit in the agricultural products without attention to these relative advantages.

7. All restrictive regulations on the establishment of fishing companies in the form of cooperative and private sectors during fishing, distribution, including wholesale

and retail sale, and expansion of the market of forward purchase and production of sea products will be eliminated. Any sort of pricing concerning sea products will be eliminated, and government control generally shall be mainly in quality control and control with regard to the appropriate seasons for fishing. The monopoly of the export of caviar for the purpose of obtaining the most foreign currency revenues shall continue during the Second Plan.

8. Research, education, and propagation of cultivation with the use of one of the new methods of cultivation, pest control, irrigation, and proper use of land categorization shall be considered a main duty of the government in the agricultural sector.

9. Interference of the Ministries of Agriculture, Construction Jihad, or Commerce in the market of essential agricultural and animal husbandry products shall only be carried out for the management of the market to eliminate problematic fluctuations, mainly by purchasing the products from the domestic market at the time of low prices and their sale at the time of a sudden drop in price, so that the interests of the producer are taken into consideration.

10. The Ministries of Agriculture and Construction Jihad will break their present monopoly on the distribution of certain items and provide the people with the opportunity to enter the distribution, import, and production of the items at the floating foreign currency rate, and they will not impose restrictions except for quality control and environmental concerns. The right to distribute the items (machinery, seeds, except for propagational seeds and essential products, raw materials, fertilizers and pesticides, newly hatched chicks, seeds, and fodder) to some producers at a price other than the daily market price is revoked, and the items shall either be offered to all applicants at the declared price (without rationing) or, if not possible, procured at the declared price and sold through the market mechanism.

11. Existing monopolies in the market of items, such as the existing government companies, which are responsible for the distribution of machinery and raw materials, include the Agency for the Distribution of Agricultural Machinery; the Chemical Fertilizer and Pesticide Production Company; the Supply and Seed Procurement, Distribution, and Production Company; and the Fodder Procurement, Distribution, and Production Company; and the existing monopolies in the market of products, including the Grain Organization, the Tea Organization, the Tobacco Company, the Sugar Company, the Meat Company, and the Milk Products Company, shall be eliminated through the amendment of the laws, and that group of above-mentioned government companies that prevent competition shall be dissolved.

12. The Ministries of Agriculture and Construction Jihad shall be responsible for increasing agricultural and livestock products; increasing the productivity and profit making of the existing commodities (land, water, work force, etc.); encouraging investment; increasing research concerning the improvement of production methods, development, and propagation of suitable technology; and fighting pestilence and shall transfer commercial duties, such as entry into production activities, warehouse keeping, sale and purchase, distribution, and the like, to the private sector. The above-mentioned ministries will neither themselves engage in creating monopolies nor allow the creation of private monopolies through administrative, rationing, and similar support. The duty of production and investment, except in regards to research and propagational farms and units, shall be transferred fully to the people.

13. The situation of the ownership of agricultural lands shall be finalized, and farmers shall acquire the final ownership of distributed lands. All restrictions that exist in the transaction and leasing of agricultural lands shall be removed in order, through free transaction, for the size of farms to reach the economic size for the units in charge of such affairs to be gradually dissolved.

14. The Ministries of Agriculture and Construction Jihad shall avoid utilizing imposed methods, such as mandatory uniformity of agricultural lands; mandatory creation of cooperative production companies; or setting conditions on credit assistance, shares of raw materials, fertilizers, and machinery, in any manner that will oblige farmers to participate. Also, they shall avoid the establishment of farmers companies that are formed directly or indirectly through government secondary expenditures.

15. Generalizing volunteer insurance on essential agricultural and livestock insurance through the insurance companies.

16. Preservation, revitalization, and operation of renewable national resources on the basis of the evaluation of resources and potential of lands.

17. Revision in the management and organization of sectors in order to create a single organizational management for the sector and related subsectors.

18. Providing the grounds for the creation and expansion of conversion industries and completion of technical and service units within the framework of the development of villages.

19. Coordinating the study and implementation of the operations of dam building projects and water maintenance operations in the upper parts of dams and operations to create irrigation and drainage networks and equip and renovate the land below the dams.

20. Giving priority to the implementation of small projects to provide water that can be technically and economically feasible.

Basic Policies of the Industrial Sector

1. Ownership and Operation

1.1. The laws, methods, instructions, and trends that give priority to the investment and participation of special actual and legal persons shall be changed so as to allow all persons with a profession, including actual and legitimate persons, to make use of the physical and financial resources, such as banking loans.

1.2. Transfer of all industrial units under the ownership of the Iranian National Industries Organization to the nongovernment sector and the dissolution of this organization by the end of the Second Plan.

1.3. Transfer to the nongovernment sector of all industrial units under the ownership of the Organization for the Expansion and Renovation of Iranian Industries, which are not prohibited by the Constitution to be transferred.

1.4. Ministries and government organizations and government establishments, institutions, and organizations and those affiliated with them as well as banks shall be prohibited from creating industrial and commercial units.

1.5. Attention must be paid to amending the registration laws to protect the rights concerning industrial inventions, discoveries, and innovations and spiritual, scientific, and technical ownership and the preparation of laws to protect those acquired rights.

1.6. Combining of the Ministries of Heavy Industries, Industries, Mines and Metals, and Commerce.

2. Incentive Tools

2.1. In order to encourage investment in the mechanized industries, the taxes on companies shall change in a manner that taxes on the profits of the shares comprise a major part of the taxes on companies.

2.2. The coefficient of taxes on the profits of industrial companies according to the regions of the country shall be regulated to ensure a reasonable balance in the development of industries throughout the country.

2.3. The price of the commodities and raw materials needed and the products of the industrial units shall be determined on the basis of the mechanism of supply and demand. Producers shall be allowed to engage in offering their goods by creating branches and direct units of distribution or through the distribution units.

2.4. In addition to the industrial township companies, actual and legal persons can engage in creating industrial townships in industrial areas. The dimensions and kinds of these industries shall be announced by the Ministry of Industries with the cooperation of the related organizations at the beginning of 1373. The issuance of permits for the private industrial township projects shall be carried out by the Ministry of Industries in accordance with the announced regulations.

2.5. From the beginning of 1373, the regulations on the issuance of agreements in principle by the industrial ministries shall be abolished and the industrial ministries shall engage in the issuance of operation permits after the creation of industries.

Direction of Development in the Industrial Sector

3.1 The direction of the industries and mines sector products in the course of the plan shall be determined on the basis of the principle of relative advantages in the domestic and foreign markets.

3.2 Incentive policies shall be imposed for domestic products in the industries and mines sector through setting effective customs tariffs, including nominal tariffs, and levels of protection for the products of this sector. On this basis, the prohibition on entry and exit shall be on goods that are religiously or legally prohibited.

4. Standards

4.1. The Industrial Standards and Research Institution shall devise the standard specifications of the industrial goods and publish them for the public.

4.2. The Industrial Standards and Research Institution shall examine the standards presented and also the composition of the used material in the production of goods to protect the health and the rights of consumers and shall prosecute violators. This institution may sign contracts with government and private scientific and research institutions for such tests.

Basic Policies of the Mines and Metals Sector

1. According to Article 45 of the Constitution, the mines of the country are public property and are under the ownership of the government. The government may, within the framework of the mines law and the related bylaws, transfer the equipment, operation, and use of mines to the private sector.

2. In order to reach a sound competitive climate in the production and distribution of goods and services, including steel and copper, monopolies shall be broken and production and distribution under equal conditions shall be carried out through various factors.

3. Considering the special priority of the export of nonoil mineral goods and products and also the special facilities that have been imposed to increase such exports or will be imposed necessarily, it is necessity to revise the evaluation of minerals in the heart of the mountains

(prior to excavation) so as to protect the relative advantage for the presence in the international markets and prevent the futile waste of national capital.

4. The transfer of mining activities to the people's sector shall continue at the rate that is taking place in the First Plan, and the existing legal ambiguities in regard to the transfer of metal industries shall also be removed in order to attract capital from the private sector to this sector.

5. Considering that at the present time these obstacles have been removed and many of these mines have been transferred, regional mine companies created out of necessity in the early years after the revolution with the goal of continuing the operation of mines that were legally undecided, or because the private sector did not want to operate them, shall gradually be dissolved on a specific schedule.